



Essar Securities Limited

Annual Report 2009 - 2010

Board of Directors

Mr. A. S. Ruia – *Chairman*
 Mr. V. G. Raghavan
 Mr. S. M. Lodha
 Mr. Vikash Saraf

Manager, Company Secretary and Compliance Officer:

Mr. Girish K. Sathe

Auditors:

Nisar & Kumar,
 Chartered Accountants
 1305, Arcadia Bldg.,
 Near Earnest House,
 NCPA Marg, Nariman Point,
 Mumbai - 400 021
 Tel: 91 22 4000 5394
 Fax: 91 22 6666 9511

Banker:

ING Vysya Bank Limited

Registered Office:

New No. 77 / 56,
 C. P. Ramaswamy Road,
 Abhiramapuram,
 Chennai – 600 018
 Tel: 91 44 2499 1992
 Fax: 91 44 2499 4922

Corporate Office:

Essar House,
 11, K. K. Marg, Mahalaxmi,
 Mumbai - 400 034
 Tel: 91 22 6660 1100
 Fax: 91 22 6666 9426

Visit us at www.essar.com

Registrar and Transfer Agent:

Data Software Research Co. Pvt. Ltd.
 Sree Sovereign Complex, No. 22,
 4th Cross Street,
 Trustpuram, Kodambakkam,
 Chennai – 600 024
 Tel: 91 44 2483 4487/2483 3738
 Fax: 91 44 2483 4636
 Email : dsrclmd@vsnl.com

CONTENTS

Notice	2
Directors' Report	3
Report on Corporate Governance	6
Auditors' Report	10
Balance Sheet.....	12
Profit and Loss Account.....	13
Cash Flow Statement	14
Schedules forming part of the Balance Sheet	15
Notes to Accounts.....	17
Balance Sheet Abstract	20

NOTICE

Notice is hereby given that the Fifth Annual General Meeting of the members of Essar Securities Limited will be held on Saturday, July 31, 2010 at 11.00 a.m. at Chennai House, 5th Floor, 7, Esplanade, Chennai - 600 108 to transact the following ordinary business –

1. To consider and adopt the Balance Sheet as at March 31, 2010, Profit and Loss Account for the year ended on that date, the Report of the Directors' and Auditors' thereon.
2. To appoint a Director in place of Mr. V. G. Raghavan who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint Nisar and Kumar, Chartered Accountants, as Statutory Auditors of the Company and to fix their remuneration.
4. In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote.
5. Members holding shares in physical form are requested to notify any change in their address to the Company's R & T Agent, Data Software Research Co. Pvt. Ltd., Sree Sovereign Complex, No. 22, 4th Cross Street, Trustpuram, Kodambakkam, Chennai – 600 024. Members holding shares in electronic form are requested to intimate immediately any change in their address or bank mandates to their Depository Participants with whom they are maintaining their demat accounts.
6. Members desiring any information as regards the accounts are requested to write to the Company at least 7 days before the date of the Meeting as to enable the management to keep the information ready.

Notes:

1. A member entitled to attend and vote at the Annual General Meeting ("the Meeting") is entitled to appoint a proxy to attend and vote on a poll instead of himself and the proxy need not be a member of the Company. The instrument appointing the proxy should, however, be deposited at the registered office of the Company not less than forty-eight hours before the commencement of the Meeting.
2. The Register of Members and Share Transfer Books of the Company will remain closed from Thursday, July 29, 2010 to Saturday, July 31, 2010 (both days inclusive).
3. Members/Proxies should bring their attendance slips alongwith their copy of the Annual Report to the Meeting. Corporate members intending to send their authorized representatives to attend the Meeting are requested to send to the Company a certified copy of the Board Resolution / Power of Attorney authorising their representative to attend and vote on their behalf at the Meeting.
7. Brief resume of director seeking re-appointment, nature of his expertise in specific functional areas, names of companies in which he holds directorship and membership/chairmanship of Board committees, shareholding and relationships between directors inter-se as stipulated under clause 49 of the Listing Agreement with the stock exchange are provided in the report on corporate governance forming part of the Annual Report.

By Order of the Board

Girish K. Sathe

Manager & Company Secretary

Registered Office:

New No. 77/56,

C. P. Ramaswamy Road,

Abhiramapuram, Chennai - 600 018

Date: June 4, 2010

Place: Mumbai

DIRECTORS' REPORT

Dear Shareholders,

Your Directors take pleasure in presenting the Fifth Annual Report of the Company, together with the Audited Accounts thereon for the year ended March 31, 2010.

1. FINANCIAL RESULTS, BUSINESS AND MANAGEMENT'S DISCUSSION & ANALYSIS:

(Rs. In Lakhs)

Particulars	For the year ended on March 31, 2010	For the year ended on March 31, 2009
Income	43.18	67.35
Less: Expenditure	38.09	42.94
Profit Before Tax	5.09	24.41
Less: Provision for taxation	2.31	3.90
Profit After Tax	2.78	20.51
Balance brought forward from previous year	23.49	2.99
Balance carried forward to Balance Sheet	26.28	23.49

General Economic Overview

The fiscal year 2009-10 began as a difficult one. There was a significant slowdown in the growth rate in the second half of 2008-09, following the financial crisis that began in the industrialized nations in 2007 and spread to the real economy across the world. There was apprehension that this trend would persist for some time, as the full impact of the economic slowdown in the developed world worked through the system. It was also a year of reckoning for the policymakers, who had taken a calculated risk in providing substantial fiscal expansion to counter the negative fallout of the global slowdown. Inevitably, India's fiscal deficit increased from the end of 2007-08, reaching 6.8 per cent (budget estimate) of GDP in 2009-10. A delayed and severely subnormal monsoon added to the overall uncertainty. The continued recession in the developed world, for the better part of 2009-10, meant a sluggish export recovery and a slowdown in financial flows into the economy. Yet, over the span of the year, the economy posted a remarkable recovery, not only in terms

of overall growth figures but, more importantly, in terms of certain fundamentals, which justify optimism for the Indian economy in the medium to long term.

The growth outlook for the Indian economy in the near term remains positive on account of inter-alia, the following factors: (a) expectations that the industrial sector would remain buoyant; (b) increase in corporate sales and profitability; (c) pick-up in order books and capacity utilisation as per different survey results; (d) turnaround in exports with improving global conditions; (e) pick-up in lead services indicators for transportation, telecommunication and construction and (f) revival in credit demand from the private sector.

Business Overview

The company renders strategic advisory services and business start up consultancy services. These services have accounted for 90% of the income of the Company.

In line with the group's reorganization plans, it is proposed to acquire the Finance Undertaking from India Securities Limited (ISL) on a going concern basis. The terms and conditions of this acquisition would be determined after receipt of necessary approvals by ISL and the Company. The finance undertaking mainly comprises of financing of commercial vehicles. Government stimulus alongwith easy credit markets and benign interest rates have fuelled demand for many assets including commercial vehicles and construction equipment. A robust economic outlook and higher demand for vehicles is likely to lead to higher demand for loans. Over the medium and long term, the commercial vehicle industry will continue to perform due to increased allocation of Rs.1,73,552 crore (over 46% of the total allocation) for infrastructure development and to Rs.19,894 crore for road transport. This would boost demand for commercial vehicles particularly tippers. It is estimated that income from this stream would constitute more than 55% of the total income in the coming years.

Further, the company has entered into an agreement for offloading its equity stake in Essar Telecom Infrastructure Private Limited at an aggregate price consideration of approximately Rs.50 crore leading to income of approximately Rs.27 crore. This coupled with the proposed acquisition of finance undertaking from ISL, would result in the Company's financial assets being in excess of 50% of the total assets as well as income from financial assets more than 50% of the total income. Considering, the income patterns, it is proposed to register the Company with Reserve Bank of India as a Non-banking Finance

Company (NBFC) with primary focus on commercial vehicle financing.

Listing of Equity Shares:

In accordance with the Scheme of Arrangement with ISL, the equity shares of the Company have been listed and admitted for trading at the Bombay Stock Exchange Limited (BSE) with effect from December 30, 2009.

Internal Control Systems and their adequacy:

The Company maintains the system of internal controls designed to provide high degree of assurance regarding the effectiveness and efficiency of operations, reliability of financial controls and compliance with laws and regulations. The internal control system is supplemented by internal audits and regular review by the management. It is also responsible for assessing and improving the effectiveness of risk management, control and governance process. The management duly considers and takes appropriate action on the recommendations made by the statutory auditors, internal auditors and the independent Audit Committee of the Board of Directors.

Risk and Concerns

The Company's business and its growth are linked to the GDP growth of the country. Any slowdown in GDP growth may have a negative impact on the business. Further, notwithstanding the positive sentiments about stronger growth in the near term, certain downside risks remain: (a) the revival in growth of agriculture during 2010-11 hinges on the assumption of normal monsoon, which entails the usual uncertainties; (b) while investment demand is showing signs of picking up, it is still much below the rate of growth in the pre-global crisis period; (c) the private consumption demand, which accounts for major part of aggregate demand, needs to gain significant momentum; (d) global economic recovery, though clearly visible, is still weak and thus has implications for sustaining the growth in Indian exports.

Also regulatory changes in the Non-banking Financial Company (NBFC) and transportation sectors may have an adverse impact on the Company's operation.

Human Resources

There is no significant employee strength in the Company and all persons are on deputation from other group companies.

Cautionary Statement

Statements in the Management's Discussion and Analysis, describing the Company's objectives, projections, estimates

and expectations are forward-looking statements and progressive, within the meaning of applicable laws and regulations. Actual results may vary from those expressed or implied, depending upon economic conditions, Government policies and other incidental/related factors. We cannot guarantee that these forward looking statements will be realised. The achievement of results is subject to risks, uncertainties and even inaccurate assumptions.

2. DIVIDEND:

Your directors do not recommend any dividend for the year.

3. DIRECTORS:

There have been no changes in the directorate during the year under review.

Mr. V. G. Raghavan, retires by rotation at the ensuing Annual General Meeting (AGM) and being eligible, offers himself for re-appointment. Mr. A. S. Ruia, Mr. S. M. Lodha and Mr. Vikash Saraf continue to be the Directors of the Company.

4. DIRECTORS' RESPONSIBILITY STATEMENT:

Pursuant to the requirement of Section 217(2AA) of the Companies Act, 1956, your Directors state:

- (i) that in the preparation of the annual accounts for the financial year ended 31st March, 2010, the applicable accounting standards had been followed along with proper explanation relating to material departures, wherever applicable;
- (ii) that the directors had selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for the year under review;
- (iii) that the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) that the directors had prepared the accounts for the financial year ended 31st March, 2010 on a going concern basis.

5. PUBLIC DEPOSIT:

The Company has neither invited nor accepted the deposits from the public during the year. There are no

unclaimed deposit(s) lying with the Company as on March 31, 2010.

6. AUDITORS:

Nisar & Kumar, Chartered Accountants, statutory auditors of the Company, hold office until the conclusion of the ensuing Annual General Meeting of the Company and are eligible for re-appointment. The Company has received intimation to the effect that their re-appointment, if made, would be within the limits prescribed under Section 224(1B) of the Companies Act, 1956. Accordingly, the members' approval is being sought to their re-appointment as Auditors of the Company at the ensuing Annual General Meeting.

The notes on accounts referred to in the Auditors' Report are self-explanatory and do not call for any further comments.

7. PARTICULARS REGARDING CONSERVATION OF ENERGY, TECHNOLOGY, ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO:

Considering the nature of activities of your Company, the information required under Section 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosure of particulars in the report of Board of Directors), Rules 1988 relating to Energy Conservation, Technology Absorption is not applicable. The Company had no foreign exchange earnings or outgo during the period under review.

8. PARTICULARS OF EMPLOYEES:

The disclosure as required under Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of

Employees) Rules, 1975 as amended, is not required as there are no employees covered by it.

9. HOLDING COMPANY:

Essar Capital Limited continues to be holding company of your Company. Essar Capital Holdings (India) Limited continues to be the ultimate holding company.

10. CORPORATE GOVERNANCE REPORT:

As per clause 49 of the Listing Agreement with the Stock Exchange a separate section on Corporate Governance together with a certificate from the Company's Auditors confirming compliance with conditions of Corporate Governance is set out in the Annexure forming part of this report.

11. ACKNOWLEDGEMENT:

The directors take this opportunity to express their sincere appreciation for the committed services by the employees. Your directors also wish to place on record their gratitude for the co-operation and assistance received from banks, stock exchange, shareholders and various departments of Central and State Governments and thank them for their continued co-operation and support.

For and on behalf of the Board

Place : Mumbai
Date : June 4, 2010

A. S. Ruia
Chairman

Persons constituting 'group' coming within the definition of 'group' for the purpose of Regulation 3(1)(e)(i) of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 include the following:-

Sr. No.	Name of the Persons
1	Essar Capital Limited
2	Essar Satvision Limited
3	Essar Capital Holdings (India) Limited

Sr. No.	Name of the Persons
4	India Securities Limited
5	Mr. A. S. Ruia

REPORT ON CORPORATE GOVERNANCE

1. Company's philosophy on Corporate Governance

The Company's philosophy on Corporate Governance envisages attainment of high level of transparency, accountability and integrity in the functioning of the Company and the conduct of its business, its relationship with all its stake holders and places due emphasis on regulatory compliance.

2. Board of Directors

- (i) The total strength of the Board is four Directors comprising of three Non-executive Independent Directors and one Promoter Non-executive Director. The Company also has a Manager within the meaning of section 2(24) of the Companies Act, 1956 ("Act")
- (ii) During the year ended March 31, 2010, ten meetings of the Board of Directors were held on April 10, 2009, April 13, 2009, April 20, 2009, June 16, 2009, June 20, 2009, August 21, 2009, October 15, 2009, December 17, 2009, January 29, 2010 and February 23, 2010.
- (iii) The details of directorship, category, attendance at Board Meetings and at the last Annual General Meeting and number of memberships of Board or Committees of various other public limited companies are given below:

Name	Category	Attendance		No. of other Directorships #	Other Committee positions@	
		Board Meetings	Last AGM		Chairman	Member
Mr. A. S. Ruia Chairman	Promoter Non-Executive	9	No	9	-	7
Mr. V. G. Raghavan	Independent Non-Executive	10	Yes	8	-	6
Mr. S. M. Lodha	Independent Non-Executive	8	No	3	-	2
Mr. Vikash Saraf	Independent Non-Executive	8	No	13	-	9

Notes:

- # Directorships held in all private, foreign and companies under section 25 of the Companies Act, 1956 are excluded.
- @ Represents Membership/Chairmanship of Audit Committee and Shareholders and Investors Grievance Committees of Public Limited Companies.

Details of the Director seeking re-appointment at the ensuing Annual General Meeting are furnished below –

Mr. V. G. Raghavan

Date of Birth	Date of Appointment	Brief resume	List of other Indian Companies in which Directorships are held by the Director	List of other Indian companies in which Committee positions are held by the Director
16/07/1945	31/03/2009	Mr. V. G. Raghavan is a graduate in Commerce and a qualified Chartered Accountant. Mr. V. G. Raghavan over last 30 years as a Finance Professional has managed the financial risk involved in the arrangements made for financing Greenfield Projects. He has also managed the unexpected down turn in the market through suitable financial risk management techniques. Mr. V. G. Raghavan also enjoys strong relationship with other stakeholders namely bankers.	Essar Steel Limited Essar Power Gujarat Limited Essar Information technology Limited Essar Steel (Hazira) Limited Essar Mineral Resources Limited Essar Steel Orissa Limited Essar Capital Finance Private Limited ETHL Communications Holdings Limited Essar Power MP Limited	He is member of Audit Committee of following Companies – Essar Steel Limited Essar Steel (Hazira) Limited Essar Steel Orissa Limited ETHL Communications Holdings Limited Essar Power MP Limited He is also a member of Shareholders Grievance Committee of Essar Steel Limited

3. Audit Committee

The Audit Committee of the Board has been constituted in accordance with section 292A and clause 49 of the Listing Agreement. Brief description of the terms of reference of audit committee, inter-alia include –

- Overview of Company's financial reporting process and ensuring correct, adequate and credible disclosure of financial information;
- Recommending to the Board the appointment, re-appointment and, if required, replacement or removal of statutory auditors and fixation of audit fees;
- Review of periodical and annual financial statements before submission to the Board ;
- Reviewing adequacy of internal audit functions;
- To look into the reasons for substantial defaults, if any, in the payment to the depositors, debenture holders, shareholders (in case of non payment of dividend) and creditors.
- Any other terms of reference as may be included from time to time.

The Audit Committee met 5 times during the year ended March 31, 2010 on June 16, 2009, August 21, 2009, December 17, 2009, January 29, 2010 and February 23, 2010. The names of the members of the Audit Committee and their attendance at the meetings are given under -

Sr. No.	Name of the Director	Designation	No. of Meetings attended during 2009-2010
1	Mr. V. G. Raghavan	Chairman	5
2	Mr. S. M. Lodha	Member	5
3	Mr. Vikash Saraf	Member	3

The Internal and Statutory auditors are invited to the meetings. Mr. Girish K. Sathe, the Company Secretary acts as the Secretary of the Committee.

4. Shareholders and Investors Grievance Committee

The Committee comprises of two non-executive independent directors viz., Mr. S. M. Lodha – Chairman and Mr. V. G. Raghavan. The Committee looks into various issues relating to the shareholder/investors grievances relating, inter-alia, non-receipt of annual report, non-delivery of share certificates after transfer etc.

A total of 92 complaints received during the year ended March 31, 2010, most of which being related to non-receipt of share certificates. All the complaints were redressed under the supervision of the committee and no complaints were outstanding as on March 31, 2010.

All the valid share transfer requests received during the year were attended and processed. There were no valid requests for share transfers pending as on March 31, 2010.

5. General Body Meetings

- (a) The date, venue and time of the last four Annual General Meetings are given below:-

Financial Year/Period	Date	Venue	Time
December 16, 2005 to December 31, 2006	March 23, 2007	Essar House, 11, K. K. Marg, Mahalaxmi, Mumbai - 400 034	11.30 a.m.
January 1, 2007 to March 31, 2007	September 3, 2007	Essar House, 11, K. K. Marg, Mahalaxmi, Mumbai - 400 034	11.30 a.m.
April 1, 2007 to March 31, 2008	September 26, 2008	Essar House, 11, K. K. Marg, Mahalaxmi, Mumbai - 400 034	2.30 p.m.
April 1, 2008 to March 31, 2009	August 14, 2009	Chennai House, 5th Floor, 7, Esplanade, Chennai - 600 108	3.00 p.m.

- (b) Special Resolution in terms of section 163(1) of the Companies Act, 1956 was passed at the last AGM.
- (c) No special resolution was passed through postal ballot during last year. Presently there are no proposals to pass any special resolution by postal ballot.

6. Disclosures

- (i) The Company does not have any material related party's transactions which may have potential conflict with the interest of the Company at large. Transactions with related parties are disclosed in note no.II (3) of Schedule-6 to the Balance Sheet of the Company forming part of the Annual Report.
- (ii) No penalty or stricture has been imposed on the Company by Stock Exchange, SEBI or any other statutory authority on any matter related to capital markets during the last three years.

7. Means of Communications

Financial results prepared in accordance with listing provisions are forwarded to Bombay Stock Exchange Limited (BSE) and also published in Free Press Journal (all India edition – English) and in Makkal Kurral (Chennai edition – Tamil). The Financial Results are also displayed on the website of the Company www.essar.com. Official press releases and presentations, if any, made to media would also be made available at the Company's website and also sent to BSE. Management's Discussion & Analysis forms part of the Annual Report.

8. General Shareholder Information

- **AGM :** **Date :** Saturday, July 31, 2010
Time : 11.00 a.m.
Venue : 5th Floor, Chennai House, 7, Esplanade, Chennai - 600 108

➤ **Financial Calender F.Y. 2010-11 (Tentative):**

Reporting for the Quarter ending:	
June 30, 2010	Within 45 days from the close of the quarter
September 30, 2010	
December 31, 2010	
March 31, 2011	Before May 31, 2011
Annual General Meeting for the year 2011	Within six months of the close of the financial year.

- **Date of Book Closure** : Thursday, July 29, 2010 to Saturday, July 31, 2010 (both days inclusive).
- **Dividend Payment Date** : Not Applicable
- **Listing on Stock Exchanges** : Bombay Stock Exchange Limited
- **Stock Code** : 533149
- **ISIN** : INE 143K01019
- **Payment of Listing Fees** : Annual Listing Fees for the F.Y. 2010-11 has been paid to BSE.
- **Registrar & Transfer Agents** : Data Software Research Co. Pvt. Ltd.,
Sree Sovereign Complex, No. 22,
4th Cross Street, Trustpuram,
Kodambakkam, Chennai - 600 024
Tel : 91 44 24834487 / 24833738
Fax: 91 44 24834636
Email: dsr cmd@vsnl.com

➤ **Market price data and Performance in comparison to BSE Sensex:**

Essar Securities Limited			SENSEX	
Month	Highest (Rs.)	Lowest (Rs.)	Highest	Lowest
Dec-09	63.95	23.20	17530.94	16577.78
Jan-10	110.40	67.95	17790.33	15982.08
Feb-10	86.55	65.15	16669.25	15651.99
Mar-10	76.20	50.00	17793.01	16438.45

Equity Shares of the Company have been listed and admitted for trading w.e.f. December 30, 2009.

➤ **Share Transfer System:**

All valid share transfer requests received by the Company in physical form are registered within an average period of 15 days. Half yearly Transfer Audit and Quarterly Secretarial Audit in terms of the Listing Agreement are regularly carried out by a qualified Practising Company Secretary.

➤ **Distribution of Shareholding**

As on March 31, 2010

Equity Shares held	Shareholders	%	No. of Shares	%
UPTO 500	31,664	98.68	20,24,265	14.17
501 TO 1000	244	0.76	1,73,345	1.21
1001 TO 2000	87	0.27	1,29,901	0.91
2001 TO 3000	30	0.09	75,101	0.53
3001 TO 4000	17	0.05	61,908	0.43
4001 TO 5000	5	0.02	24,681	0.17
5001 TO 10000	16	0.05	1,22,774	0.86
10001 TO 20000	11	0.03	1,53,444	1.07
20001 TO 30000	6	0.02	1,51,406	1.06
30001 TO 40000	3	0.01	1,20,000	0.84
40001 TO 50000	2	0.01	88,250	0.62
50001 TO 100000	1	0.00	52,520	0.37
100001 AND ABOVE	3	0.01	1,11,10,159	77.76
TOTAL	32,089	100.00	1,42,87,754	100.00

Category	No. of shares	%
Promoters	1,06,54,557	74.57
Institutions/Mutual Funds/Banks	2,556	0.02
Other Companies	5,00,762	3.50
Non Domestic Companies	2,060	0.01
Foreign Institutional / Investors / Non Resident Individuals	2,73,642	1.92
Public	28,54,177	19.98
TOTAL	1,42,87,754	100.00

➤ **Status of Dematerialization of Shares :**

Mode	No. of Shares	% to total Shares
Demat	1,28,77,160	90.13
Physical	14,10,594	9.87
Total	1,42,87,754	100.00

➤ **Outstanding GDRs/ADRs/Warrants or any Convertible instruments, conversion date and likely impact on equity:**

As on March 31, 2010 there are no GDRs/ADRs/warrants or any convertible instruments, conversion of which is likely to have an impact on the equity of the Company.

➤ **Nomination Facility:**

Shareholders holding shares in physical form and desirous of making a nomination in respect of their shareholding in the Company, as permitted under section 109A of the Companies Act, 1956 are requested to submit to the R&T agent of the Company, the prescribed nomination form.

➤ **Secretarial Audit:**

A qualified Practising Company Secretary carries out secretarial audit to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and the total issued and listed capital. The audit confirms that the total issued/paid-up capital is in agreement with the total number of shares in physical form and the total number of dematerialized shares held with NSDL and CDSL.

➤ **Corporate Office :**

Essar House, 11, K.K. Marg,
Mahalaxmi, Mumbai - 400 034
Tel.: 91 22 6660 1100, Fax: 91 22 6666 9426

➤ **Address for Correspondence:**

Registrar and Transfer Agents:

Data Software Research Co. Pvt. Ltd.
Sree Sovereign Complex, No. 22, 4th Cross Street,
Trustpuram, Kodambakkam, Chennai – 600 024
Email address: dsrcomd@vsnl.com
Tel.: 91 44 248 33738, Fax: 91 44 248 34636

For any assistance, shareholders may also write to the Company at the following email id exclusively designated for the purpose: eslinvestors@essar.com

➤ **Compliance Officer:**

Mr. Girish K. Sathe

Manager & Company Secretary
email id Girish.Sathe@essar.com

9. Non-mandatory items:

➤ **Shareholders' Right:**

Quarterly financial results are displayed on the Company's website i.e. www.essar.com. No separate financials are sent to shareholders of the Company.

➤ **Audit Qualifications:**

There are no audit qualifications in the Auditors Report on the financial statements to the shareholders of the Company.

➤ **Training of Board Members:**

There is no formal policy at present for training of the Board members of the Company. All the members of the Board are eminent and experienced professional persons.

➤ **Mechanism for evaluating performance of non-executive Board Members:**

There is no formal mechanism existing at present for performance evaluation of non-executive directors.

➤ **Whistle Blower Policy:**

The Company has not established any whistle blower policy.

➤ **Remuneration Committee:**

No remuneration is being paid to any of the directors. Therefore, no remuneration committee has been constituted.

DECLARATION BY MANAGER

As provided under clause 49 of the Listing Agreement with the Stock Exchange, I confirm that the Board Members and Senior Management of the Company have confirmed compliance with the Code of Conduct for the year ended March 31, 2010.

Girish K. Sathe

Manager & Company Secretary

Date: June 4, 2010

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

To the Members of Essar Securities Limited

We have examined the compliance of conditions of corporate governance by Essar Securities Limited, for the year ended March 31, 2010, as stipulated in clause 49 of the Listing Agreement of the said Company with Stock Exchange.

The compliance of conditions of corporate governance is the responsibility of the management. Our examination has been limited to review of procedures and implementation thereof, adopted by the company for ensuring the compliance of the conditions of the Corporate Governance as stipulated in the said clause. It is neither an audit nor an expression of opinion on the financial statements of the company.

In our opinion and to the best of our information and according to the explanations given to us by the Directors and management, we certify that the company has complied with the conditions of Corporate Governance as stipulated in clause 49 of the above mentioned Listing Agreement.

We further state that such compliance is neither an assurance as to the future viability of the company nor the efficiency or effectiveness with which the management has conducted the affairs of the company.

For **NISAR & KUMAR**
Chartered Accountants

K. M. Mahadik
Partner

M. No. 48453

Place : Mumbai
Date : June 4, 2010

AUDITORS' REPORT TO THE MEMBERS OF ESSAR SECURITIES LIMITED

We have audited the attached Balance Sheet of Essar Securities Limited as at March 31, 2010, the Profit and loss Account and also the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As required by the Companies (Auditor's Report) Order, 2003 (as amended) issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, and on the basis of such checks as we considered appropriate and according to information and explanations given to us, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.

Further to our comments in the Annexure referred to above, we report that:

- i. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
- ii. In our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of those books;
- iii. The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;

- iv. In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
- v. On the basis of written representations received from the directors as at March 31, 2010 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2010 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
- vi. In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2010;
 - (b) in the case of Profit and Loss Account, of the profit of the Company for the year ended on that date; and
 - (c) in the case of the Cash Flow Statement, of the Cash Flows of the company for the year ended on that date.

For **NISAR & KUMAR**
Chartered Accountants
Firm Regn. No.127820W

K. M. Mahadik
Partner
M.No.48453

Place : Mumbai
Date : May 10, 2010

ANNEXURE REFERRED TO THE REPORT OF EVEN DATE FOR THE YEAR ENDED MARCH 31, 2010 OF ESSAR SECURITIES LIMITED

- i. Since the company is not having Fixed Assets reporting on Clause (i) (a), (i) (b) and (i) (c) do not arise
- ii. As there is no inventory, the reporting of the clause ii (a), ii (b) and ii (c) do not arise.
- iii. (a) The company has not granted any loans to companies, firms and other parties covered in the Register maintained under Section 301 of the Companies Act, 1956:
- (b) In view of clause (iii) (a) above, clause (iii) (b) is not applicable.
- (c) In view of clause (iii) (a) above, clause (iii) (c) is not applicable.
- (d) In view of clause (iii) (a) above, clause (iii) (d) is not applicable.
- (e) The company has not taken any loans from companies, firms and other parties covered in the Register maintained under Section 301 of the Companies Act, 1956.
- (f) In view of clause (iii) (e) above, clause (iii) (f) is not applicable.
- (g) In view of clause (iii) (e) above, clause (iii) (g) is not applicable.
- iv. In our opinion and according to the information and explanations given to us, there is adequate internal control system commensurate with the size of the company and the nature of its business with regard to purchases of assets and rendering of services. During the course of our audit, no major weaknesses have been noticed in the internal controls.
- v. (a) Based on the audit procedures applied by us and according to the information and explanations provided by the management, we are of the opinion that there are no transactions that need to be entered into the register maintained under section 301.
- (b) in view of (v) (a) above, clause (v) (b) is not applicable.
- vi. During the year the company has not accepted any deposits from the public.
- vii. In our opinion, the company has an internal audit system commensurate with the size and nature of its business.
- viii. As informed to us, the maintenance of cost records have not been prescribed by the Central Government under clause (d) of sub-section (1) of section 209 of the Companies Act, 1956.
- ix. (a) According to the records of the company, the company is generally regular in deposit of undisputed statutory dues of income tax and service tax with the appropriate authorities. As per records of the company, there are no dues in respect of provident fund, employees state insurance, Investor Education and Protection Funds, custom duty, wealth tax, sales tax and excise duty/cess. There are no arrears of statutory dues as at March 31, 2010 outstanding for a period of more than six months from the date they became payable.
- (b) According to the records of the company, there are no dues of sales tax, income-tax, customs tax/wealth-tax, excise duty/cess which have not been deposited on account of dispute.
- x. As the company has been registered for a period of less than five years, reporting under this clause does not arise.
- xi. As the company has not borrowed any amount from Banks or Financial Institutions, the reporting under this clause do not arise.
- xii. Based on our examination of documents and records, the company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- xiii. Provisions of Chit Fund nidhi/ mutual benefit fund/societies are not applicable.
- xiv. In respect of dealing or trading in shares and debentures by the company, proper records have been maintained of the transactions and contracts and timely entries have been made therein, as informed to us, the investments held by the company are in its own name.
- xv. During the year the company has not given any guarantee for loans taken by others from bank or financial institutions.
- xvi. During the year, the company has not taken term loans.
- xvii. During the year, the company has not raised any short term funds.
- xviii. During the year, the company has not made preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Act.
- xix. During the year, the company has not issued secured debentures.
- xx. During the year, the company has not raised money by public issues.
- xxi. Based upon the audit procedures performed and information and explanations given by the management, we report that no fraud on or by the company has been noticed or reported during the course of our audit.

For **NISAR & KUMAR**
Chartered Accountants
Firm Regn. No.127820W

K. M. Mahadik
Partner
M. No. 48453

Place : Mumbai
Date : May 10, 2010

BALANCE SHEET AS AT MARCH 31, 2010

	Schedule No.	As at March 31, 2010 Rupees	As at March 31, 2009 Rupees
SOURCES OF FUNDS			
Shareholders' Funds:			
Share Capital	1	142,877,540	142,877,540
Reserves and Surplus	2	108,627,597	108,349,410
		251,505,137	251,226,950
TOTAL		251,505,137	251,226,950
APPLICATION OF FUNDS			
Investments	3	226,194,200	311,949,950
Current Assets, Loans and Advances	4		
Sundry debtors		21,773,016	12,124,166
Cash and bank balances		3,605,962	23,004,341
Other current assets		—	1,048,771
Loans and advances		400,362	4,658
		25,779,340	36,181,936
Less : Current Liabilities and Provisions	5		
Current Liabilities		468,403	96,787,035
Provisions		—	117,901
		468,403	96,904,936
Net Current Assets		25,310,937	(60,723,000)
TOTAL		251,505,137	251,226,950
Significant Accounting Policies and Notes to Accounts	6		

As per our attached report of even date
For **NISAR & KUMAR**
Chartered Accountants

For and on behalf of the Board

K. M. Mahadik
Partner

S. M. Lodha
Director

Vikash Saraf
Director

Girish K. Sathe
Manager & Company Secretary

Mumbai, May 10, 2010

Mumbai, May 10, 2010

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2010

	Schedule No.	For the Year Ended March 31, 2010 Rupees	For the Year Ended March 31, 2009 Rupees
INCOME			
Profit on redemption of Investments		—	5,414,144
Consultancy & Advisory Services (TDS Rs. 419,140 P.Y. Nil)		3,800,000	—
Interest on deposits with bank (Tax deducted at source Rs.106,794 P.Y. 272,099)		518,416	1,320,870
Total		4,318,416	6,735,014
EXPENDITURE			
Rates & Taxes, filing fees		12,889	723,247
Listing fees		50,000	—
Professional Fees		1,562,866	53,366
Printing & Postage Expenses		1,486,499	—
Advertisement Expenses		545,634	—
AGM Expenses		44,250	—
<u>Auditors' Remuneration</u>			
Audit Fees		65,000	55,150
Tax audit fees		15,000	—
Certification Fees		21,000	33,148
Loss on sale of Investments (Net of diminution in value of Investments written back Rs.31,400,000)		—	2,828,559
Goodwill on demerger written off		—	600,752
Bank charges		5,562	57
Balances written off		71	—
Total		3,808,771	4,294,279
Profit before tax		509,645	2,440,735
Provision for taxation		(174,000)	(389,991)
Short provision earlier year		(57,458)	—
Profit after tax		278,187	2,050,744
Balance brought forward from previous year		2,349,410	298,666
Balance carried to balance sheet		2,627,597	2,349,410
Earnings per share of Rs.10 each (Basic)		0.02	0.56
Earnings per share of Rs.10 each (Diluted)		0.02	0.47
Significant accounting policies and notes to accounts	6		

As per our attached report of even date
For **NISAR & KUMAR**
Chartered Accountants

For and on behalf of the Board

K. M. Mahadik
Partner

S. M. Lodha
Director

Vikash Saraf
Director

Girish K. Sathe
Manager & Company Secretary

Mumbai, May 10, 2010

Mumbai, May 10, 2010

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2010

	For the year ended March 31, 2010 Rupees	For the year ended March 31, 2009 Rupees
I. CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	509,645	2,440,735
Adjustments for :		
Profit on redemption of Investments	—	(5,414,144)
Interest income	(518,416)	(1,320,870)
Loss on sale of Investments (net of Diminution written back)	—	2,828,559
Balances / goodwill written off	71	388
Operating Profit before Working Capital Changes	(8,700)	(1,465,332)
Adjustment for :		
(Increase)/Decrease in Receivables	(9,692,690)	(4,658)
Increase/(Decrease) in Trade and Other Payables	(37,783)	1,769,072
- Cash generated from operations	(9,739,173)	299,082
Taxes on income paid	(701,293)	(877,390)
Net Cash Flow From Operational Activities (A)	(10,440,466)	(578,308)
II. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Investments	(14,070,100)	(22,000,000)
Interest received	1,567,187	272,099
Proceeds from sale / redemption of Investments	3,545,000	45,254,136
Net Cash Flow From Investing Activities (B)	(8,957,913)	23,526,235
Net increase / (decrease) in cash and cash equivalents (A+B)	(19,398,379)	22,947,927
Cash and Cash equivalents at the beginning of the year	23,004,341	56,414
Cash and Cash equivalents at the end of the year	3,605,962	23,004,341

Note: Cash flow statement has been prepared under the indirect method as set out in the Accounting Standard -3 "Cash Flow Statements"

As per our attached report of even date

For and on behalf of the Board

For **NISAR & KUMAR**
Chartered Accountants

K. M. Mahadik
Partner

S. M. Lodha
Director

Vikash Saraf
Director

Girish K. Sathe
Manager & Company Secretary

Mumbai, May 10, 2010

Mumbai, May 10, 2010

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2010

	As at March 31, 2010 Rupees	As at March 31, 2009 Rupees
SCHEDULE - 1: SHARE CAPITAL		
AUTHORISED		
15,000,000 (P.Y. 15,000,000) Equity Shares of Rs.10 each	150,000,000	150,000,000
ISSUED, SUBSCRIBED AND PAID-UP		
14,287,754 (P.Y. 3,650,000) Equity Shares of Rs.10 each fully paid-up	142,877,540	36,500,000
(Out of the above 1,06,54,557 equity shares are held by Essar Capital Limited, the holding Company together with its nominees and Nil by Essar Capital Holdings (India) Limited, the ultimate holding company)		
Nil (P.Y. 10,637,754) Equity Shares to be issued to the shareholders of demerged undertaking	—	106,377,540
TOTAL	142,877,540	142,877,540
SCHEDULE - 2: RESERVES AND SURPLUS		
Profit and Loss Account	2,627,597	2,349,410
Securities Premium	96,000,000	96,000,000
Statutory Reserve	10,000,000	10,000,000
TOTAL	108,627,597	108,349,410
SCHEDULE - 3: INVESTMENTS		
(UNQUOTED, NON-TRADE FULLY PAID-UP)		
Long Term Investments (At cost)		
Nil (P.Y. 1,066,190) Fully Convertible Unsecured Redeemable Debentures of Essar Teleholdings Limited of Rs.100 each	—	111,949,950
2,61,942 (P.Y. Nil) Fully Convertible Unsecured Redeemable Debentures of ETHL Telecom Holdings India Private Limited of Rs.100 each	26,194,200	—
2,000,000 (P.Y. 2,000,000) Equity Shares of Essar Telecom Infrastructure Private Limited of Rs.10 each	200,000,000	200,000,000
TOTAL	226,194,200	311,949,950

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2010

	As at March 31, 2010 Rupees	As at March 31, 2009 Rupees
SCHEDULE - 4: CURRENT ASSETS, LOANS AND ADVANCES		
CURRENT ASSETS		
Sundry Debtors (Unsecured, Considered Good)		
Outstanding for period exceeding six months	21,773,016	—
Others	—	12,124,166
	<u>21,773,016</u>	<u>12,124,166</u>
Cash and bank balances		
Balances with Scheduled Bank		
in current account	3,605,962	4,341
in deposit account	—	23,000,000
	<u>3,605,962</u>	<u>23,004,341</u>
Other current assets		
Interest accrued on deposit with bank	—	1,048,771
Loans and advances (Unsecured, considered good)		
Advance recoverable in cash or kind or for value to be received	48,428	4,658
Tax deducted at source (Net of provision for taxes)	351,934	—
	<u>400,362</u>	<u>4,658</u>
TOTAL	<u>25,779,340</u>	<u>36,181,936</u>
SCHEDULE - 5: CURRENT LIABILITIES AND PROVISIONS		
CURRENT LIABILITIES		
Sundry Creditors (Other than micro, small and medium enterprises)	88,284	50,594
Other Liabilities	380,119	96,736,441
	<u>468,403</u>	<u>96,787,035</u>
PROVISIONS		
Provision for Taxation (Net of taxes paid)	—	117,901
TOTAL	<u>468,403</u>	<u>96,904,936</u>

SCHEDULE - 6: NOTES FORMING PART OF ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2010

I. PRINCIPAL ACCOUNTING POLICIES :

The Financial statements have been prepared on accrual basis and in accordance with applicable accounting standards. A summary of the important accounting policies, which have been applied is set out below:

(i) Basis of Accounting :

The financial statements are prepared in accordance with the historical cost convention.

(ii) Investments :

Current unquoted investments are carried at lower of cost or fair value. Long term investments are stated at cost. Incidental expenses incurred in acquiring the investments are added to the cost. Decline in carrying amount of investments, if any, other than of temporary nature is provided for in the Profit and Loss Account.

(iii) Revenue Recognition :

Income from Consultancy & Advisory Services is recognised as per the terms of agreement.

Income interest is recognised on time accrual basis.

(iv) Taxation:

The provision for current tax, if any, is computed in accordance with the relevant tax regulations. Deferred Tax is recognised on timing difference between accounting and taxable income for the year by applying applicable tax rates as per Accounting Standard-22 on "Accounting for Taxes on Income". Deferred Tax Assets is recognised wherever there is reasonable certainty that future taxable income will be available against which such Deferred Tax Assets can be realised.

(v) Provisions and Contingent Liabilities:

Provisions are recognised in the accounts for present probable obligations arising out of past events that require outflow of resources, the amount of which can be reliably estimated.

Contingent liabilities are disclosed in respect of possible obligations that arise from past events but their existence is confirmed by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the company, unless likelihood of an outflow of resources is remote. Contingent assets are not recognised in the accounts, unless there is virtual certainty as to its realisation.

II. NOTES TO THE ACCOUNTS :-

1) There are no amounts for which the company is contingently liable.

2) Earnings per Share:

The calculation of the basic and diluted earnings per share is based on following data.

Particulars	March 31, 2010	March 31, 2009
Earnings:		
Net profit for the year after tax (Rs.)	278,187	2,050,744
Weighted average number of equity shares for the purpose of calculating basic earnings per share	13,734,008	3,650,000
Weighted average number of equity shares for the purpose of calculating diluted earnings per share	13,734,008	4,320,324
Earnings per share of face value of Rs.10 each (Basic) [Rs.]	0.02	0.56
Earnings per share of face value of Rs.10 each (Diluted) [Rs.]	0.02	0.47

3) Related Party Disclosures :

(a) Related parties where control exists:

Holding Companies:

Essar Capital Limited

Essar Satvision Limited (Holding company of Essar Capital Limited)

Essar Capital Holdings (India) Limited (Holding company of Essar Satvision Limited)

Individual owning indirectly an interest in the voting power that gives him control:

Mr. A. S. Ruia

(b) Other related parties, where there have been transactions:

Enterprises controlled or significantly influenced by individuals or major shareholders:

Essar Properties Limited, Essar Investments Limited, Imperial Consultants & Securities Private Limited,

(c) Transactions with related parties :

Amounts (In rupees)

Particulars	Holding Company	Other related parties	Total as at March 31, 2010
Issue and Allotment of Equity Shares	70,045,570		70,045,570
	(-)		(-)
Essar Capital Limited	70,045,570		
Purchase of Investments:		26,194,200	26,194,200
		(-)	(-)
Essar Properties Limited		12,124,100	
		(-)	
Essar Investments Limited		14,070,100	
		(-)	
Sale of Investments:		111,949,950	111,949,950
		(12,124,166)	(12,124,166)
Essar Properties Limited		-	
		(12,124,166)	
Essar Investments Limited		111,949,950	
		(-)	
Reimbursement of Expenses payable / Advance received		347,458	347,458
		(96,728,261)	(96,728,261)
Essar Investments Limited		-	
		(96,659,845)	
Reclame Commercial & Securities Private Limited		-	
		(68,416)	
Imperial Consultants & Securities Private Limited		229,312	
		(-)	
Essar Properties Limited		118,146	
		(-)	
Advances Given		10,096,332	10,096,332
		(-)	(-)
Essar Investments Limited		10,096,332	
		(-)	
Sundry Balances written off		71	71
		(-)	(-)
Essar Properties Limited		66	
		(-)	
d) Balances outstanding at the end of the year:			
Debit balances		21,773,016	21,773,016
		(12,124,166)	(12,124,166)
Credit balances		347,458	347,458
		(96,728,261)	(96,728,261)

Notes:

i) Figures in brackets relates to the previous year.

ii) The names of the related parties are disclosed under each nature of transaction where the transaction with single party is 10% or more of relevant nature of transactions.

- 4) The company is having two business segments viz. Consultancy & Advisory Services and Investment Activities. Segment wise data for the year is as under:

Amounts (In rupees)

	Consultancy & advisory services	Investment Activities	Total for the year ended March 31, 2010
Segment Revenue	3,800,000	–	3,800,000
Segment Results (Segment Profit & Loss)	3,800,000	–	3,800,000
Unallocable income			518,416
Unallocable expenses			3,808,771
Provision for taxation			231,458
Net Profit / (Loss)			2,78,187
Segment assets	–	247,967,216	247,967,216
Unallocable assets			4,006,324
Total Assets			251,973,540
Segment liabilities	–	–	–
Unallocable liabilities			468,403
Total Liabilities			468,403

Note: Previous year figures have not been given in the above statement in view of adoption of AS 17 'Segment Reporting' by the company for the first time.

- 5) Previous year figures have been rearranged / regrouped wherever necessary.

As per our attached report of even date
For **NISAR & KUMAR**
Chartered Accountants

For and on behalf of the Board

K. M. Mahadik
Partner

S. M. Lodha
Director

Vikash Saraf
Director

Girish K. Sathe
Manager & Company Secretary

Mumbai, May 10, 2010

Mumbai, May 10, 2010

STATEMENT PURSUANT TO PART - IV OF SCHEDULE VI TO THE COMPANIES ACT, 1956

Balance Sheet Abstract and Company's General Business Profile

I. REGISTRATION DETAILS

Registration No.

					7	1	7	9	1
--	--	--	--	--	---	---	---	---	---

 State Code

1	8
---	---

Balance Sheet

3	1		0	3		2	0	1	0
---	---	--	---	---	--	---	---	---	---

Date Month Year

II. CAPITAL RAISED DURING THE YEAR (RUPEES)

Public Issue

N	I	L
---	---	---

 Rights Issue

N	I	L
---	---	---

Bonus Shares

N	I	L
---	---	---

 Private Placement

N	I	L
---	---	---

III. POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS (RUPEES)

Total Liabilities

2	5	1	9	7	3	5	3	9
---	---	---	---	---	---	---	---	---

 Total Assets

2	5	1	9	7	3	5	3	9
---	---	---	---	---	---	---	---	---

SOURCES OF FUNDS

Paid-up Capital

1	4	2	8	7	7	5	4	0
---	---	---	---	---	---	---	---	---

 Reserves & Surplus

1	0	8	6	2	7	5	9	7
---	---	---	---	---	---	---	---	---

Secured Loans

								-
--	--	--	--	--	--	--	--	---

 Unsecured Loans

								-
--	--	--	--	--	--	--	--	---

APPLICATION OF FUNDS

Net Fixed Assets

								-
--	--	--	--	--	--	--	--	---

 Investments

2	2	6	1	9	4	2	0	0
---	---	---	---	---	---	---	---	---

Accumulated Losses

								-
--	--	--	--	--	--	--	--	---

 Misc. Expenditure

								-
--	--	--	--	--	--	--	--	---

Net Current Assets

	2	5	3	1	0	9	3	7
--	---	---	---	---	---	---	---	---

IV. PERFORMANCE OF THE COMPANY (RUPEES)

Turnover

		4	3	1	8	4	1	6
--	--	---	---	---	---	---	---	---

 Total Expenditure

		3	8	0	8	7	7	1
--	--	---	---	---	---	---	---	---

+ - Profit/(Loss) Before Tax

		5	0	9	6	4	5
--	--	---	---	---	---	---	---

 + - Profit/(Loss) After Tax

		2	7	8	1	8	7
--	--	---	---	---	---	---	---

+ - Earning Per Share

		0		0	2
--	--	---	--	---	---

 Dividend Rate (%)

				N	I	L
--	--	--	--	---	---	---

V. GENERIC NAMES OF THREE PRINCIPAL PRODUCTS/SERVICES OF THE COMPANY -

Item Code No (ITC Code)

N	A
N	A

 Product Description

I	N	V	E	S	T	M	E	N	T	S																			
C	O	N	S	U	L	T	A	N	C	Y	A	N	D	A	D	V	I	S	O	R	Y	S	E	R	V	I	C	E	S

For and on behalf of the Board

S. M. Lodha
DirectorVikash Saraf
DirectorGirish K. Sathe
Manager & Company Secretary

Mumbai, May 10, 2010

Book Post

If undelivered, please return to:

Data Software Research Company Private Limited

(Unit: Essar Securities Limited)

Sree Sovereign Complex,

No. 22, 4th Cross Street, Trustpuram,

Kodambakkam, Chennai - 600 024.